INFLUENCE OF DEMOGRAPHICS ON RISK TOLERANCE AMONG ACADEMICIANS – A STUDY

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Abstract: *In today's scenario investment is the most important in everyone's life. The investors always prefer the investment avenues according to their suitability, risk and the return because there are different investment avenues available in the market. Therefore present study focuses on the relation between demographic factors and risk tolerance of private sector academicians in Jalandhar district of Punjab state in India and impact of demographic factors on the investors investing decisions. The primary data has been collected from 250 private sector academicians from various colleges in Jalandhar city from Punjab state in India and the data was analysed with the help of Chi-square test and Correlation. The result reveals that there is relation between age and marital status of academicians but there is no relation between gender, income and educational qualifications of the academicians.*

Key words: *Academician investors, Demographics, Investment Practices, Risk Tolerance*

INTRODUCTION

The factors like age, gender, marital status, experience, income, household expenditure, present and future savings, future expectations of returns and future planning of the investor influence the risk tolerance behaviour of the investors. The investors will choose that investment avenue which has potential returns with less risk. While choosing the investment avenue the investor will take expert advice from various financial advisors and also consider the past investment experience. The determinants of risk attitudes of individual investors are of great interest in a growing area of finance known as behavioural finance. Risk tolerance represents one person's attitude towards taking risk. The individual investors with different risk tolerance make their investment choice, however socio-economic factors exerts diversity in making choice of investments. Risk tolerance means how much risk you are willing to take to achieve an investment goal. The higher your risk tolerance, the more risk you are willing to take. Risk tolerance also increases with the investment experience. They will take high risk, moderate risk or less risk to get the returns as per their needs.

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REVIEW OF LITERATURE

Various theories such as Expected Utility Hypothesis, Portfolio Theory, Life Cycle Hypothesis, Permanent Income Hypothesis, Efficient Market Hypothesis, Cognitive Theory and Prospect Theory detailed the relevance and irrelevance paradigm in personal financial decision making. Studies were also conducted to analyze financial decisions and their interdependence on behavioral factors (Beckmann and Elisabeth (2013), Epley, Mak and Chen Idson (2006)). However, in addition, demographic factors and their influence on risk tolerance include various unexplored dimensions that attracted various researchers in behavioral finance. An investigation in to demographic factors and investment decisions (Nwibo, S. U. and Alimba, J. O., 2013) among the individuals belonging to specific occupation is the thrust area of research in the field of behavioural finance. The present study seeks to address this research gap by investigating the interrelationship between the demographic factors and risk tolerance among the teachers.

Age and Risk Tolerance

Various researchers examined the influence of age on the risk tolerance of the investors, for eg, Ajmi (2008), Anirudh and Pavani(2010), Kasilingam and Jayabal (2009) and Achar (2012). Ajmi (2008) found the risk tolerance of the investors tend to decline with an increase in age. The findings of Ajmi (2008) were supported by the findings of Tenglin (2009), Anbar and Ekmer (2010) and Ahmad *et al.* (2011) in various contexts such as. However, Wang and Hanna (1997), Kasilingam and Jayabal (2009), Anirudh and Pavani (2010) and Achar (2012) proved that with an increase in age the risk tolerance and behavior towards investments in risky assets also increased. In addition, Kasilingam and Jayabal (2009) argued that the investors above 40 years of age did not invest in small saving schemes because of their risk prone attitude. Therefore, it is proposed that:

Hypothesis-1: Ho: Age has no significant influence on the risk tolerance for investments in risk investments among the academicians.

H_1: Age has significant influence on the risk tolerance for investments in risk investments among the academicians.

Gender and Risk Tolerance

Women status in India, in particular in financial decision making is mediocre compared to their male partners. Wang (2009) identified that the objective knowledge, subjective knowledge and risk taking behavior are less when compared with male, that showed significant effect on risk tolerance as proved by Ajmi (2008) and Anbar and Eker (2010). Further, Eckel (2008), Gaur *et al.* (2011) and Fish (2012) revealed women have less confidence in investment decisions and take more care when they wanted to invest in equity. In addition, Harris *et al.* (2006) believed that the men and women proved differences in their assessments of likelihood and

negative outcomes. As examined by Eckel (2008) men preferred to hold more stock risky investments and more of their wealth in risky assets. Hence it is proposed that

Hypothesis- 2: Ho: Gender has no significant influence on the risk tolerance for investments in risk investments among the academicians.

$H_{1:}$ Gender has significant influence on the risk tolerance for investments in risk investments among the academicians.

Marital Status and Risk Tolerance

Marital status has significant influence on the investment decisions towards risky investments of bread earners of a family. Few studies identified the interrelationship between marital status and risk tolerance of individuals. Chou *et al.* (2010), Sultana and Pardhasaradhi (2011) and Achar (2012) examined the positive correlation between marital status and investment behavior. On the other hand, Eckel (2008), Ahmad *et al.* (2011) and Wong (2011) argued that the married people were involved in less risk investments than the unmarried. In addition, Anbar and Eker (2010) added to the notion that the marital status had no effect on risk tolerance. However, Murphy and Gerrans (2011) studied the effect of marital status of women, specifically, and concluded that the women who were single and at younger age preferred less risky investments. Therefore, it is proposed that:

Hypothesis- 3: Ho: Marital Status has no significant influence on the risk tolerance for investments in risk investments among the academicians.

H_1: Marital Status has significant influence on the risk tolerance for investments in risk investments among the academicians.

Qualification and Risk Tolerance

Little research has been conducted on the interrelationship between qualification and risk tolerance. However, Ajmi (2008), Sultana and Pardhasaradhi (2011), Ahmad *et al.* (2011), Wong (2011) and Achar (2012) examined the positive correlation between qualification and risk tolerance. Specifically, Achar (2012) identified that the teachers considered potential return, risk, safety and liquidity while making an investment decision. Tenglin (2009), contrarily, found that the investors with low level of education had high risk tolerance. Therefore, it is hypothesized that:

Hypothesis- 4: H_0: Qualification has no significant influence on the risk tolerance for investments in risk investments among the academicians.

H_1: Qualification has significant influence on the risk tolerance for investments in risk investments among the academicians.

Income and Risk Tolerance

Portfolio Theory by Markowitz (1952) stated that the investors consider investments in ignorance of the future income generated by the various

investment alternatives. Simultaneously, economic theory of risk aversion which is inverse of risk tolerance as defined by Pratt (1964) explores the household preferences towards risky investments. However, the life cycle hypothesis of Modigliani and Brumberg (1954) states that the person consider to take risk in investments not only on the basis of future income but also the average income receivable at present as well. The theories on the investment behaviors led to the wide discussion in the field of behavioral finance. Studies conducted by Anbar and Ekmer (2010), Sultana and Pardhasaradhi (2011), Wong (2011), Achar (2012) and Geetha and Ramesh (2012) revealed that income level of the investors has a significant influence on the risk tolerance of investors. Inversely, Tenglin (2009) argued that the individuals who had high income were more risk averse. Therefore, the study proposes that:

Hypothesis-5: Ho: Income has no significant influence on the risk tolerance for investments in risk investments among the academicians.

H_1: Income has significant influence on the risk tolerance for investments in risk investments among the academicians.

The above discussion encompassed the interrelationship between the demographics and risk tolerance of the individuals. However, there are varied deliberations over the demographics and risk tolerance that bring significant gap in the literature to be studied in detail. The present study is an attempt in this direction by addressing the interrelationship between the demographics and risk tolerance, specifically among the academicians.

NEED OF THE STUDY

Investors look for safety than to lead a luxurious life. Various studies have been conducted on the individual investment behaviour and examined the individual investment behaviour towards investment avenues. Nevertheless, there is a dire need to conduct a study on the investment behaviour of Private Academicians due to their significant prominence in the society. Academicians, as role models, provide education to the future generation of the country and they are the most important force in the society. The economic standard of living of academicians should drive the significant contribution of financial flows in to the financial system. Therefore, this study will address the influence of demographic factors on risk tolerance and investment behaviours of academicians. The study has its implications to the policy makers and industry to design and develop financial products in tune with the risk attitude and tolerance of the Academicians that provide fillip to the financial system of the country.

OBJECTIVES OF THE STUDY

1. To study the relationship between demographic factors and risk tolerance of academician investors.

2. To determine whether there is any association between the demographic factors and risk tolerance of academician investors.

RESEARCH METHODOLOGY

Sources of data

For this study, primary data was collected from academician respondents with the help of well structured questionnaire from the private institutes in Jalandhar and secondary data was collected from journals, books, and websites and from the review of literature.

Sample size

The data was collected from 250 academicians in Jalandhar

Sampling Area

The area of research covered in this study was Jalandhar city from Punjab State.

Sampling Technique

The purposive sampling technique was used in this study. The number of academician respondents varies from different institutes for data collection because of number of staff availability in the institutions.

Sampling Unit

The sampling unit in this study was private institutes in Jalandhar region.

Table 1
Sampling Unit Selected for the Study

S. No	Institutions	Number of Academicians	Percentage
1	Lovely Professional University	40	16.0%
2	DIPS Institute of Management and Technology	16	6.4%
3	MGN College of Education	17	6.8%
4	PCM SD College of Women	16	6.4%
5	KCL Institute of Management and Technology	15	6.0%
6	APJ College of Fine Arts	16	6.4%
7	APJ Institute of Management and Technology	21	8.4%
8	Doaba College	33	13.2%
9	DAV College	20	8.0%
10	St Soldier Law College	36	14.4%
11	HMV College for Women	20	8.0%
	Total	250	100.0%

Questionnaire

A well designed structured questionnaire has been used to conduct the field survey.

Pilot Study

A pilot study was conducted on a sample of 25 academicians to test the reliability and Cronbach alpha was found 0.808 which is more than 0.6 which means that the data was reliable.

Demographic Profile of Respondents

The demographic profile of the respondents presented in the table 2.

Table 2
Demographic Profile of Respondents

S No	Gender	Respondents	Percent
	Gender of Respondents		
1	Male	98	39.2
2	Female	152	60.8
	Total	250	100.0
	Age Profile of Respondents		
S No	Age	Respondents	Percent
1	20-25	40	16.0
2	25-30	113	45.2
3	30-35	43	17.2
4	35-40	28	11.2
5	40-45	09	3.6
6	45-50	05	2.0
7	50-55	07	2.8
8	Above 55	05	2.0
	Total	250	100.0
	Marital Status of Respondents		
1	Married	129	51.6
2	Single	121	48.4
	Total	250	100.0
	Qualification Profile of Respondents		
1	Bachelors	15	6.0
2	Masters	168	67.2
3	M Phil	37	14.8
4	Doctorate (Pursuing / Awarded)	30	12.0
	Total	250	100.0

contd. table 2

	Income Profile of Respondents (Per Annum)		
1	Below Rs 2,00,000	77	30.8
2	Rs 2,00,001 – Rs 5,00,000	126	50.4
3	Rs 5,00,001 – Rs 10,00,000	36	14.4
4	Above Rs 10,00,000	11	4.4
	Total	250	100

Source: Compiled from Primary data

The demographic profile of respondents is presented in table – 2 reveal that the 60.8per cent of females take up Academics as Profession followed by Males (39.2 per cent). Among the select respondents 45.2 per cent of respondents are in the age group of 25- 30 followed by 30- 35 (17.2 per cent), 20-25 (16.0 per cent) and 35- 40 (17.2 per cent). As far as marital status is considered, 51.6 per cent of respondents are married where as 48.4 per cent are single. It is also observed from the table that majority of respondents i.e. 67.2 per cent of respondents hold Masters Degree only while 14.8 per cent of respondents hold MPhil Degree. It is revealed from the table that the academicians possess sufficient residual income for the investments which is being supported by the income levels of majority of respondents (64.8 percent) lie in the income range between Rs 2, 00,001- Rs 10, 00,000.

RESULTS

Age of the Respondents and Risk Tolerance

Hypothesis-1: Ho: Age has no significant influence on the risk tolerance for investments in risk investments among the teachers.

H_1: Age has significant influence on the risk tolerance for investments in risky investments among the teachers.

Table 3
Relationship between Investors Age with their Risk Tolerance

S. No	Risk category	Age Profile of Academicians								Total
		20-25	25-30	30-35	35-40	40-45	45-50	50-55	Over 55	
1	High Risk	1 (9.09) (2.5)	2(18.18) (1.8)	6(54.55) (14.0)	1(9.09) (3.6)	0(0.0) (0.0)	0(0.0) (0.0)	1(9.09) (14.3)	0(0.0) (0.0)	11(4.40) (100.0)
2	Medium Risk	23(16.20) (57.5)	67(47.18) (59.3)	23(16.20) (53.5)	20(14.08) (71.4)	0(0.0) (0.00)	4(2.82) (80.0)	3(2.11) (42.9)	2(1.41) (40.0)	142(56.80) (100.0)
3	Low Risk	16(16.49) (40.0)	44(45.36) (32.6)	14(14.43) (32.6)	7(7.22) (25.0)	9(9.28) (100.0)	1(1.03) (20.0)	3(3.09) (42.9)	3(3.09) (60.0)	97(38.80) (100.0)
	Total	40(16.00)	113(45.2)	43(17.20)	28(11.20)	9(3.60)	5(2.00)	7(2.80)	5(2.00)	250

Note: 1. Figures in side brackets indicate percentage to Row Total.
2. Figures in lower brackets indicate percentage to Column Total
Source: Compiled from Primary Data

Table 3 present the relationship between the academician investors and age profile. As presented in the table, majority of respondents i.e. 56.80 per cent of respondents preferred medium risk followed by low risk (38.80 per cent) and high risk (4.40 per cent). It is evident from the table that the respondents in the age group of 25- 30 preferred medium risk (47.18 per cent) followed by low risk (45.36 per cent). However, the respondents who are in the age group of 30- 35 preferred high risk (54.55 per cent). A comprehensive look in to the table reveals that as the age profile of the investors increased, the preference towards risky investments decreased.

Table 4
Chi-Square Tests for Age and Risk Tolerance

	Value	*df*	*Asymp. Sig. (2-sided)*
Pearson Chi-Square	32.371	14	.004

In the table 4, Pearson chi-square tests result show the value of 32.371 with the significance value 0.004 at 95 percent confidence level. Thus the null hypothesis is rejected and alternative hypothesis is accepted. It reveals that age of the academicians has significant influence on the risk tolerance for risk investments.

Table 5
Correlation Analysis between Age of Respondent and Risk Tolerance

		Risk you will Take	*Age of respondent*
Risk you will take	Pearson Correlation	1	.024
	Sig. (2-Tailed)		.706
	N	250	250
Age of respondent	Pearson Correlation	.024	1
	Sig. (2-tailed)	.706	
	N	250	250

The table 5 shows that there is positive correlation between risk tolerance and age of investors. This means that an increase in age of academician by one point leads to positive change of 0.024 points in risk tolerance in investments.

Gender and Risk Tolerance

Hypothesis-2: H_0: Gender has no significant influence on the risk tolerance for investments in risk investments among the teachers.

H_1: Gender has no significant influence on the risk tolerance for investments in risk investments among the teachers.

Table 6
Relationship between Gender Profiles with their Risk Tolerance

S. No	Risk category	Gender Profile		
		Male	*Female*	*Total*
1	High Risk	8(72.73)	3(27.27)	11(100.0)
		(8.16)	(1.97)	(4.40)
2	Medium Risk	52(36.62)	90(63.38)	142(100.0)
		(53.06)	(59.21)	(56.80)
3	Low Risk	38(39.18)	59(60.82)	97(100.0)
		(38.78)	(38.82)	(38.80)
	Total	98	152	250

Note: 1. Figures in side brackets indicate percentage to Row Total.
2. Figures in lower brackets indicate percentage to Column Total
Source: Compiled from Primary Data

Table 6 present the relationship between the gender profile and risk tolerance of the academician. As can be seen from the table, majority of respondents i.e. 72.73 per cent of male respondents perceived to take more risk in their investments whereas 59.21 per cent of respondents assume medium risk. It is also found that there is no difference among male and female while considering low risk investments.

Table 7
Chi-Square Tests for Gender and Risk Tolerance

	Value	*df*	*Asymp. Sig. (2-sided)*
Pearson Chi-Square	5.585	2	.061

From the table, Pearson Chi-square tests shows the value of 5.585 with the significance value of 0.061 (which is more than 0.05) at 95 percent confidence level. Thus, the null hypothesis is accepted and alternative hypothesis is rejected. It reveals that gender has no significant influence on the risk tolerance for investments in risk investments among the teachers.

Table 8
Correlation Analysis between Gender and Risk Tolerance

		Risk you will take	*Gender of respondent*
Risk you will take	Pearson Correlation	1	.054
	Sig. (2-Tailed)		.393
	N	250	250
Gender of respondent	Pearson Correlation	.054	1
	Sig. (2-Tailed)	.393	
	N	250	250

Table 8 shows that there is positive correlation between risk tolerance and gender of investors.

Marital Status and Risk Tolerance

Hypothesis- 3: H$_{0:}$ Marital Status has no significant influence on the risk tolerance for investments in risk investments among the teachers.

H$_1$: Marital Status has significant influence on the risk tolerance for investments in risk investments among the teachers.

Table 9
Relationship between Marital Status of Academicians with their Risk Tolerance

S. No	Risk Category	Marital Status		
		Married	Unmarried	Total
1	High Risk	8 (72.73) (6.20)	3(27.27) (2.48)	11(100.0) (4.40)
2	Medium Risk	62 (43.66) (48.06)	80(56.34) (66.12)	142(100.0) (56.80)
3	Low Risk	59 (60.82) (45.74)	38 (39.18) (31.40)	97(100.0) (38.80)
	Total	129 (51.60)	121(48.40)	250 (100.00)

Note: 1. Figures in side brackets indicate percentage to Row Total.
2. Figures in lower brackets indicate percentage to Column Total
Source: Compiled from Primary Data

Table 9 depict the relationship between marital status of academicians and their risk tolerance. From the table it is depicted that the married people preferred to invest in high risky investments (72.73 per cent) whereas medium risky investments are preferred one unmarried individuals.

Table 10
Chi-Square Tests for Marital Status and Risk Tolerance

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.854	2	0.012

Table 10 present that Pearson chi-square test shows the value of 8.854 with the significance value 0.012 (which is less than 0.05) at 95 percent confidence level. Thus, the null hypothesis is rejected and alternative hypothesis is accepted. It reveals that marital Status has significant influence on the risk tolerance for investments in risk investments among the teachers.

Table 11
Correlation Analysis between Marital Status and Risk Tolerance

		Risk you will take	*Marital status of respondent*
Risk you will take	Pearson Correlation	1	-.095
	Sig. (2-Tailed)		.136
	N	250	250
Marital status of respondent	Pearson Correlation	-.095	1
	Sig. (2-Tailed)	.136	
	N	250	250

The above table 11 shows that there is negative correlation between risk tolerance and marital status of investors. A change in marital status by one point leads to negative change of -0.095 points in risk tolerance of investors.

Qualification and Risk Tolerance

Hypothesis- 4: Ho: Qualification has no significant influence on the risk tolerance for investments in risk investments among the teachers.

H$_1$: Qualification has significant influence on the risk tolerance for investments in risk investments among the teachers.

Table 12
Relationship between Educational Qualifications with their Risk Tolerance

S. No	Qualification	Qualification				Total
		Bachelor	Master	M.Phil	Doctorate	
1	High Risk	1 (9.09)	8(72.73)	1(9.09)	1 (9.09)	11(100.00)
		(6.67)	(4.76)	(2.70)	(3.33)	(4.40)
2	Medium Risk	8(5.63)	106 (74.65)	17 (11.97)	11(7.75)	142 (100.00)
		(53.33)	(63.10)	(45.95)	(36.67)	(56.80)
3	Low Risk	6 (6.19)	54(55.67)	19 (19.59)	18 (18.56)	97 (100.00)
		(40.00)	(32.14)	(51.35)	(60.00)	(38.80)
	Total	15 (6.00)	168 (67.20)	37 (14.80)	30 (12.0)	250(100.00)

Note: 1. Figures in side brackets indicate percentage to Row Total.
2. Figures in lower brackets indicate percentage to Column Total
Source: Compiled from Primary Data

Table 12 present the relationship between educational qualification and risk tolerance of academicians. It is disclosed from the table that the academicians with highest qualification like Doctorate are more cautious and reluctant in assuming high risk towards their investments. Evidently, it is also supported that academicians with M Phil prefer low risk investments (51.35 respondents).

However, 63.10 per cent of academicians with Master degree and Bachelor degree consider medium risk investments.

Table 13
Chi Square Tests for Qualification and Risk Tolerance

	Value	*df*	*Asymp. Sig. (2-sided)*
Pearson Chi-Square	11.559	6	.073

Table 13 reveals that, Pearson chi-square test result shows the value of 11.559 with the significance value 0.073 (which is less than 0.05) at 95 percent confidence level. Thus, the null hypothesis is accepted and alternative hypothesis is rejected. This reveals that qualification has no significant influence on the risk tolerance for investments in risk investments among the teachers.

Table 14
Correlation Analysis between Qualification and Risk Tolerance of Academicians

		Risk you will take	*Qualification of respondent*
Risk you will take	Pearson Correlation	1	0.176
	Sig. (2-tailed)		0.005
	N	250	250
Qualification of respondent	Pearson Correlation	0.176	1
	Sig. (2-tailed)	0.005	
	N	250	250

Table 14 shows that there is positive correlation between risk tolerance and qualification of investors. An increase in qualification of investors by one point leads to positive change of 0.176 points in risk tolerance of investors.

Income Profile of Respondents and Risk Tolerance

Hypothesis-5:Ho: Income has no significant influence on the risk tolerance for investments in risk investments among the teachers.

H_1: Income has significant influence on the risk tolerance for investments in risk investments among the teachers.

As evident from the table, with an increase in income level of academicians, they preferred to invest on medium (54.55 per cent) and low risk (45.45 per cent) investments. Nevertheless, most of the respondents preferred to low and medium risk investments when their income levels are in between Rs 2,00,000 to Rs 10,00,000.

Table 13
Relationship between Investors Income Per Annum with their Risk Tolerance

Risk	Below 200000	200000- 500000	500000- 1000000	Above 1000000	Total
High Risk	4 (36.36) (5.19)	5 (45.45) (3.97)	2 (18.18) (5.56)	0(0.00) (0.00)	11(100.00) (4.40)
Medium Risk	35(24.65) (45.45)	83 (58.45) (65.87)	18(12.68) (50.00)	6 (4.23) (54.55)	142 (100.00) (56.80)
Low Risk	38 (39.18) (49.35)	38 (39.18) (30.16)	16 (16.69) (44.44)	5 (5.15) (45.45)	97(100.00) (38.80)
Total	77 (30.80)	126 (50.400	36(14.40)	11 (4.40)	250 (100.00)

Note: 1. Figures in side brackets indicate percentage to Row Total.

2. Figures in lower brackets indicate percentage to Column Total

Source: Compiled from Primary Data

Table 14
Chi-square tests for Income and Risk Tolerance

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.686	6	0.138

From the table 14, Pearson chi-square test result shows the value of 9.686 with the significance value 0.138 at 95 percent confidence level. Thus, the null hypothesis is accepted and alternative hypothesis is rejected. It reveals that income has no significant influence on the risk tolerance for investments in risk investments among the teachers.

Table 15
Correlation Analysis between Income of Respondent and Risk Tolerance

		Risk you will take	Income of respondent
Risk you will take	Pearson Correlation	1	-.031
	Sig. (2-Tailed)		.622
	N	250	250
Income of respondent	Pearson Correlation	-.031	1
	Sig. (2-Tailed)	.622	
	N	250	250

Table 15 shows that there is negative correlation between risk tolerance and income of investors. An increase in income of investors by one point leads to negative change of -0.031 points in risk tolerance of investors.

DISCUSSION

In this study we tried to study the relationship among demographics and the risk tolerance of the academicians. Generally, the demographic variables such as age, income, gender, marital status and educational status influence the decision making process, specifically, investment decision is not an exception. Therefore, the central idea of this study was to find out the correlation between demographics and the investment decisions of academicians. In our study, applying Pearson Chi- square we found age and marital status have significant relationship with the risk tolerance. With respect to the age of the academicians, the present study is supporting the hypothesis as defined by Ajmi(2008), Anirudh and Pavani(2010), Kasilingam and Jayabal (2009), Achar (2012), Tenglin (2009), Anbar and Ekmer (2010) Ahmad *et al.* (2011), Wang and Hanna (1997), Kasilingam and Jayabal (2009), Anirudh and Pavani (2010) and Achar (2012). In addition, the study found positive correlation (0.024 or 2.4 per cent) among the age and the risk tolerance. The low positive correlation among the age and risk tolerance of the academicians is influenced by the certain reasons such as the people with the low age consider their future incomes while the middle age persons usually focus on the present income and the responsibilities towards the family compel them to invest in low risky investments. Further, the younger ones have the ability to bear the risk of loss due to their future incomes which is missing factor among the aged individuals. The results showed contradictory findings towards the relationship between marital status and risk tolerance. From Pearson Chi-square result, there is a significant relationship, but negative association (-0.095 or 9.5 per cent) exists between marital status and risk tolerance of academician. The result raises certain research questions for further research as to why marital status has significant relationship but negative association. Certain possible answers can be found such as with the marital status the persons responsibilities increase towards family and reduce in the residual income that lead them to become risk averse.

This study found that there is no significant relationship between gender, qualification and income level of academician with their risk tolerance. The present study supports the previous studies of Wang (2009), Ajmi (2008), Anbar and Eker (2010), Eckel (2008), Gaur *et al*. (2011) and Fish (2012). In addition, education and income is more important to know and prefer the type and tenure of investments according to the life cycle stages. Conversely this study identified that there is no significant relation between education profile of academicians and their risk tolerance. The above finding again a converse to the permanent income theory which brings the scope for further research specifically.

CONCLUSION

The academician investors have risk tolerance according to their demographic factors. The demographic factors like age and marital status have impact on the

risk tolerance of the academicians. There is positive relation between age, qualifications of academicians and risk tolerance of investors. The risk tolerance of the academician investors differs according to their demographic profile.

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